**TOWN OF STARBUCK**
**Columbia County, Washington**
**January 1, 1994 Through December 31, 1994**

## Schedule Of Findings

1.  Internal Controls Over Utility Billings And Collections Should Be Improved

    During the course of our audit, we found that the town's system of internal control over the water and garbage billing and collection process had the following weaknesses:

    - There was no control to verify that all credits to individual utility accounts were from payments or properly authorized corrections.

    - Late charges were not consistently assessed. They were only charged if the citizen did not pay their amount owed to the clerk prior to the clerk sending out the next bill.

    - The same individual is responsible for billing utility accounts and receiving utility payments.

    - The bank authenticated deposit receipt does not include verification of the amount of currency in each deposit.

    An internal control system consists of the plan of organization, methods, and procedures adopted by management to ensure that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data is obtained, maintained, and fairly disclosed in reports.

    The town has been using the current system because all employees are part time and qualified bookkeeping assistance has not been available.

    By not maintaining adequate internal controls, errors and irregularities could occur and not be detected in a timely manner.

    We recommend the town improve internal controls over the water and garbage billing and collection process by:

    - Establishing a control account to verify that all credits to individual utility accounts were from payments or properly authorized corrections.

    - Establishing definite cut off dates for late charges after which assessments are charged for all past due accounts.

    - Segregating duties so the same individual is not responsible for billing utility accounts and receiving utility payments.

- Tracking currency from receipt to deposit with the bank.